Challenges before Nationalised Banks

2616. MISS MABEL REBELLO: Will the Minister of FINANCE be pleased to state:

(a) what are the challenges that the nationalised banks are facing;

(b) whether these challenges are due to high cost of doing business, high transaction cost, high level of non-performing assets and low consumer satisfaction; and

(c) whether it is a fact that Government contributed Rs. 20,400 crore to recapitalise the national banks?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) Nationalised banks are facing several challenges which, *inter-alia*, include high cost of doing business, high level of Non-Performing Assets (NPAs) and the relatively low level of customer satisfaction. Besides, there are some new external challenges *i.e.*, the Indian Banks can no longer be insulated from international developments and international capital movements.

(c) The Central Government has provided re-capitalisation assistance to the nationalised banks aggregating Rs. 20446.12 crores, during 1992-93 to 1998-99.

Flaws in Laws relating to foreign investment

2617. SHRI V.P. DURAISAMY. Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there are flaws in the law on foreign institutional investment in India;

(b) if so, the details thereof;

(c) how many MNCs have invested in India, particularly, in the print media taking advantage of loopholes in the law; and

(d) what action Government will take to plug loopholes in the law?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and(b) Investments by Foreign Institutional Investors (FIIs) in India are governed by the Securities and Exchange Board of India (FII) Regulations 1995 and the Regulations/Notifications issued by the Reserve Bank of India (RBI) under the Foreign Exchange Management Act, 1999, which basically determines the modalities of FII investments.